

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6630

BILL NUMBER: HB 1102

DATE PREPARED: Jan 3, 2001

BILL AMENDED:

SUBJECT: Higher Education Funding.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill eliminates state government approval requirements for a state university to acquire, construct, remodel, renovate, furnish, or equip a specific project. It provides a General Assembly covenant that it will not terminate fee replacement appropriations made to cover debt service on state university bonds.

Effective Date: July 1, 2001.

Explanation of State Expenditures: Under current law, capital projects must be reviewed by the Commission on Higher Education and approved by the Governor upon recommendation of the Budget Agency if the cost is greater than \$200,000. For projects to construct buildings or facilities with a cost greater than \$500,000 in value and paid by state appropriated funds or student fees, the project must also be reviewed by the General Assembly (IC 20-12-5.5-2(a)(1)).

Eliminating this requirement may affect the need for staffing at the Commission for Higher Education, depending on what other responsibilities the Commission performs. The Commission currently employs 13 staff members and had an operating cost of \$1.95 M for FY 2000.

The following table shows past appropriations and expenditures for the construction and rehabilitation projects for institutions of higher education.

Expenditures			Appropriations	
1996-97	1997-98	1998-1999	1999-2000	2000-01
\$38,034,874	\$59,667,100	\$25,307,315	\$85,059,962	\$95,059,972

The following table shows the number of projects annually reviewed by the Higher Education Commission.

1997-98	1998-99	1999-2000	2000-01(to date)
95	50	92	40

To pay for the costs of capital projects, universities may issue and sell bonds so long as the bonds are supported by mandatory fees that are assessed on all students and approved by the General Assembly (IC 20-12-5.5-4). The General Assembly may appropriate fee replacement monies for the replacement of student fees dedicated to pay the principal and interest costs of bonds as approved by the General Assembly (IC 20-12-5.5-5).

The following table shows the amount of fee replacement that has been appropriated to the state universities over the past six years.

1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
\$85,384	\$86,362,678	\$97,920,912	\$93,979,774	\$101,774,527	\$103,426,431

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Higher Education Commission, State Budget Agency, State Universities.

Local Agencies Affected:

Information Sources: List of Appropriations made by 1999 General Assembly (Budget Agency); Mike Baumgartner, Higher Education Commission, 317-464-4400.